

Review from the Economist - May 16, 1959

THE ECONOMY, LIBERTY AND THE STATE
By Calvin E. Hoover

This meaty, wide-ranging, liberal-minded book seeks the answer to two related questions: what prospects are there for the revival of freedom under communism and for its survival under the evolving, constantly modified economic systems of the West? Behind this inquiry, another less overt aim is pursued: that of dismantling stereotypes, rehabilitating words that have become mere reflex twitches on the part of their users. Capitalism or "private enterprise" means something quite different today, not only in terms of social consequences but also in terms of inner mechanism, from what it did in the nineteenth century; communism as practised in Russia bears little resemblance to the communism of Lenin; the "liberty" circumscribed by state intervention differs substantially from the "liberty" encroached upon by private power.

None of this is perhaps very new; though certain sectors of American opinion may find it so. It is in width rather than in depth that "The Economy, Liberty and the State" is most valuable. It is part economic analysis, tracing and evaluating, in the capitalist world, the evolution from competitive to "organisational" price-setting

as shaped by various national circumstances, and in the communist world the fluctuation between arbitrary and (in intention) economic solutions to the problem of allocating resources. It is part political history, the relevant episodes and developments of the last half-century being narrated in terms of personalities and power-groups. And it is part speculation, an attempt to discover the critical point--if any such can be isolated from the surrounding political and social conditions--where the state's intervention in economic matters begins to constitute a significant net encroachment on liberty, diminishing the individual's freedom vis-a-vis itself and its representatives more than it increases his freedom vis-a-vis his potentially oppressive, richer and more powerful fellow-citizens. This speculation has something of the character of a polemic on two fronts. Dr. Hoover aims his arguments on the one hand at the conservative American opinion that equates all economic intervention by the state with socialism, and socialism with tyranny; and on the other (with a severely controlled but perceptible contempt and disgust) at the fellow-traveller whom no experience can disabuse of a blind belief in the liberating effects of communism.

His conclusions--that the welfare capitalism and the mixed economies of the West represent no threat to liberty, that

the prospects of a new birth of freedom in any communist state (except just possibly Poland and Yugoslavia) are depressingly small--merit the respect due to close and prolonged firsthand study of the observable facts. Beside the works of Professor Popper, M. de Jouvenel, Mr. Arthur Koestler, Professor Kopke, even Mr. Michael Young--to select at random a handful of other writers who have cultivated segments of this particular politico-economic borderland -- "The Economy, Liberty and the State" is plodding and undistinguished stuff. But it provides a useful specific against snap judgments, a corrective for prejudice, a sensible framework of historical perspective, and from time to time--as in its account of the role of the intellectual--a psychological perspective more persuasive than much brilliance.